

# **The Bid/ No-bid Decision and How the Air Force Can Influence It**

-Bid decisions based on several factors:

- Opportunity to win – Is it winnable?
- Opportunity to make a profit and attract new capital--Can we make a ROI worth the risks we are taking?
- Opportunity to gain future market share—Can we succeed with our customer and gain future market share?
- Timing--What are the competing alternatives for using our “Venture Capital?”

## **-Opportunity to Win**

- Industry needs to perceive a level playing field—make it winnable!
  - Minimize unfair incumbent advantages
    - Incumbents already have all the workload data
    - Give the competition the same info
      - May force the collection of data by incumbent
      - Put the data collection responsibility into the RFP for the next go-around
  - Fix the A-76 process (separate discussion item)
    - Need to manage in the sunlight
    - Only thru protests, have the true inter-workings and shortcomings of this process been revealed
  - Process has been excessively unstable
    - Need more discipline in adhering to schedule and scope decisions
  - Need to manage the process at the MAJCOM level or at an “A-76 Center for Excellence”
    - Reduces pressure at local level
    - Adds efficiency—no re-inventing the wheel
    - Adds consistency—use of templates
    - Sharing of best practices
- Scope of work has to make business sense—don’t make it just a budget driven exercise
  - Structure RFPs around logical business processes/organizational structures (not like the Hill

A-76)

- Be careful how you bundle –don't combine functions requiring 2 or more large businesses to team, and then levy a 20-30% SB requirement, ie, Randolph A-76
  - Limits competition
  - Eliminates some "Best in Class" competitors
  - Government needs to understand the Business case model
- Issue accurate/meaningful workload data
- Use Plug numbers when necessary—eliminate the guesswork
  - Lackland A-76 –poor workload data equated to poor bids
  - AEDC--excellent workload data encouraged competition
- Provide accurate UMDs/current manning figures (A-76s)
  - Industry needs complete understanding of current operation (funded and filled positions)
  - Give industry current manning figures—the MEO has them
- Workload data especially important on Fixed-Price bids
  - Industry prefers FP bids—when the workload data is good
- Provide workload data in comprehensive, consistent and usable format
  - Thousands of pages in pdf format (can't be electronically sorted) is not helpful
- Best Value vs Low Cost
  - Tell us what you really want
  - Don't say "Best Value" when you mean lowest cost
  - Industry will avoid procurements that are perceived to have ambiguous selection criteria
- A-76, non-A-76 vs "Re-engineered" A-76 opportunities
  - Each will have different pre-conceived win probabilities
  - Cyclic better than A-76s?
  - Standard A-76 better than "Re-engineered" A-76?
    - "Re-engineered" A-76s (like Randolph will be) will already have the fat removed
    - Will make it harder for industry to win (with the 10% MEO advantage)—could make it less attractive to industry

- Industry will closely follow the trends and react accordingly
- Demonstrate a commitment to partner with industry
  - Make plans visible and credible to industry
  - Pre-RFP discussions are good
  - DRFPs are good (assuming a decent product to begin with)
    - Include sections L&M and summary workload data in draft version—they are critical to the bid/no-bid decision
  - Don't put out a poor product and expect industry to fix it
    - 400 questions on an RFP tells you something
    - Amendments waste our resources and yours
  - Make the most of Industry Days and Site visits
    - Bad
      - Weekend/Monday Site visits
      - Short notice postings
      - Drive thru site visits with little dialog
    - Site visits must be treated as something more than “necessary evil” perfunctory exercises
  - Get the most out of orals or don't use them at all—they are expensive
    - Ask questions
    - Get engaged
    - Really get to know your contractor—treat this like an interview
    - Don't make us feel like we could have sent in a video tape
    - Conduct the orals by sitting down and discussing as a “worktop session”
- Maximize use of Performance Based Service Acquisition (PBSA) contracts
  - Don't metric us to death
    - Only measure the bottom line output you desire
- Use “due diligence” in your selection process
  - Consider visiting bidder's HQs and facilities
    - Due they really have the systems & processes they claim?
  - A multi-million dollar decision is worth the time/cost of these trips
    - This is industry standard in the commercial sector
- Use an Ombudsman

- Improves communications
- Helps contracting officer & reduces their workload
- Facilitates getting issues raised to the right level
- Get views from the users/Commanders—they need to know what they are getting so their expectations do not exceed what is in the contract—basis of a lot of misunderstandings
- User friendly Q&As
  - Make it easier to track what is new & avoid duplication
  - Make sure that the Q&As are inserted into the solicitation. Often, answers are provided, but not included into the revised RFP/PRD
- Stick to the schedule
  - Schedule slips drive up B&P costs (and B&P increases are passed back to the Govt in the form of increased G&A)
- Will the customer accept “Best Commercial Business practices?”
  - Evaluators have limited business experience
  - Educate evaluators on commercial best practices
- Consider establishing a not to exceed cost and ask Industry what they can provide for that amount
  - Drives industry to provide best value for the dollar
  - Not everything you need/want has to be driven by lowest competitive cost

#### **-Opportunity to make a profit**

- Lowest cost, technically qualified not always your best acquisition strategy
- Be scared of low prices/profit margins in contractor bids
- You should want industry to succeed and make a fair profit
  - Consider using Fixed Fees (as a baseline)
    - Keeps competition from bidding “no-fee” and trying to make it up elsewhere
  - Stimulates continuous improvements
- Use Whole-Base vs stove pipe acquisition strategy
  - More synergy, less duplication
  - Encourages innovation
  - Reduces overhead
  - Improves small business mentoring
- Fixed Prices bids are good—if the workload data is good
- Length of time to award contract inversely proportional to ROI

- View B&P as venture capital (maximize stockholder's ROI)
  - A-76s take too long
- From a pure business case analysis, contracts with large SB requirements reduce our ROI and ROS
  - We need to find more innovative ways to account for this requirement to meet SB goals
- Schedule slips/cancellations cost money (AETC A-76s)
- Need to keep milestones updated
- Use the down-select process to cut the costs of non-winners early in the cycle
  - Don't drag a losing contractor along
  - Let them cut their losses early in the game
- Constantly ask: Do we really need all this data/information from the bidders.
  - Please do not ask for stuff you don't really need/use
  - Push to reduce CDRLs, reports, documentation, etc...and use on-line reporting systems. Government still inserting requirements for reams of obsolete hard copy reports that could easily be satisfied through on-line reporting systems like MAXIMO or other CMMS systems
- Understand that costly bids raise our overheads and make us less competitive—and cost you money
- Long-term contracts are better (10 years on large acquisitions)
  - Encourages contractor capital investment
  - Reduces B&P and transition costs
  - Maximizes benefit to the customer
    - Leverages industry funding when MILCON and O&M dollars are short
- Consider forming a special study group devoted to finding and implementing methods to reduce the cost of bidding

**- Opportunity to gain future market share** (can we successfully operate in partnership with the customer?)

- Is the customer truly interested in partnering?
  - AEDC did it right
    - Good workload
    - Quality product
    - Partnered with Industry
  - Develop this relationship up-front
  - FOIA requests

- Should be anticipated and provided to all in RFP
- Army commander's support of MEO
  - Example of what not to do
- Industry doesn't want to win/operate an adversarial contract
  - Jeopardizes reputation/ability to win future contracts

#### **-Timing**

- Pipeline key to scheduling resources & manpower to bid
  - Milestone dates important—stick to them
- Plan/coordinate your procurements (by Service, by Command, etc).
  - Industry can only do so many at a time (the rush to avoid the new A-76 circular has potential to flood pipeline with A-76s (mostly a Navy problem))
- AF targets compete with Army, Navy, and non-DoD opportunities
- Industry will always pursue best alternatives
- Keep industry informed on your schedules-- will maximize competition

#### **The Good News:**

- AF taking lead in Partnering w/industry
- Standing-up PEO for Services office important step in the right direction
- AETC is fixing the PaB A-76 problems
- A-76 Circular being re-examined/improved (hopefully)
- In most respects, AF acquisitions better than Army and Navy

Thomas S. Lampley  
 Director of Business Development  
 Johnson Controls, Inc

400 North Capitol St, NW, Suite G-100  
 Washington Dc 20001

Office: 202-626-3823  
 e-mail: [thomas.s.lampley@jci.com](mailto:thomas.s.lampley@jci.com)